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MATTERS RELATING TO THE PROGRAMMING CYCLES

Request from the Government of Namibia for special status equivalent to that of a least developed country

Note by the Administrator

I. PURPOSE

1. Namibia became independent on 21 March 1990 after 70 years of colonial rule under apartheid South Africa and has since been faced by the challenge of remedying the apartheid legacy. In its resolution 46/204 of 20 December 1991, the General Assembly requested States and organizations of the United Nations system and other donor agencies to give special consideration to extending to Namibia, during the period immediately after independence, special assistance of a scope comparable to that given to a least developed country (LDC). Accordingly, in its decision 91/14, the Governing Council decided to extend special assistance to Namibia during the fifth programming cycle equivalent to that given to an LDC. The Government of Namibia is now requesting the Executive Board to extend to Namibia for the next programming period special status equivalent to that of an LDC. The Administrator recommends that the Board grant the request, which, while having no effect on the UNDP target for resource allocation from the core (TRAC), would continue to recognize the special development situation of Namibia.

II. BACKGROUND

2. Namibia has a population of 1.6 million (1995 estimate) and covers an area of 824,265 square kilometres. It is the driest country in Africa south of the Sahara with resulting fragility of the environment.

3. With an estimated gross national product (GNP) per capita of $1,800 in 1995, the country is characterized by a strong duality: a small but well-developed commercial sector is dominated by 1 per cent of the population, while the rest of the economy is based on subsistence agriculture. The latter is highly vulnerable because of poor soil conditions, overgrazing of limited communal lands, aridity and frequent drought.

4. According to the national household income and expenditure survey, in 1993-1994, the top 1 per cent of households consumed as much as the poorest 50 per cent. Per capita consumption expenditure ranges from a high of $10,000 to a low of $100. Over 50 per cent of all Namibian households live below the

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poverty line and 13 per cent are classified as absolutely poor and unable to meet their basic needs.

5. Economic growth has been irregular and generally modest. The pattern of growth has been influenced mainly by changes in the prices of Namibian mining outputs. The economy's productive capacity was traditionally based on the export-oriented mining sector (principally diamonds, uranium and base metals) and commercial agriculture (cattle and sheep ranching), together accounting for around 20 per cent of gross domestic produce and 55 per cent of total exports (average 1990-1994).

6. The economic objective of the Government is the reconstruction and development of Namibia through the establishment of a mixed-market economy based on social responsibility. The Government attaches the highest priority to agriculture, developing rural and water infrastructures, education, training, health and housing, to which the bulk of external assistance is being directed. This has created productive employment for Namibians entailing a considerable investment in human resource capacity-development and achieving a significant reduction in poverty levels.

III. NAMIBIA AND LEAST DEVELOPED COUNTRY CRITERIA

7. The Committee for Development Planning uses a set of four criteria to define LDCs: per capita gross domestic product (GDP) economic diversification, measured by the economic diversification index (EDI); the augmented physical quality of life index (APQLI), comprising four indicators: life expectancy at birth, per capita calorie supply, combined primary and secondary school enrolment ratio, and adult literacy rate and population size (CDP/1994/5, paragraph 15). Namibia qualifies as an LDC on three of these criteria. Its population, estimated at 1.6 million in 1995, is well below the cut off level of 75 million. Its EDI of 23.47 and its APQLI of 38.87 are also below the cut-off levels. Only the average GDP per capita of Namibia exceeds the values normally used when identifying LDCs. However, the relatively high average GDP does not reflect the Namibian reality in terms of poverty and social and human development.

8. While the richest 10 per cent of the population have an annual per capita consumption of $3,414, at least 90 per cent of the Namibian population have an annual per capita consumption of only $357, half of what is regarded as the cut-off level for LDC identification.

9. The structure of the Namibian economy and society at large impose severe long-term handicaps to growth in the society. As a consequence of apartheid policies, human resource development is very limited, with a low rate of adult literacy (42 per cent) and with only 0.2 per cent of the population having any form of tertiary education. The economic structure is marked by a concentration on a few primary resource-based capital intensive sectors, such as mining and fisheries, in which growth is not translated into income distribution. Hence, the development in GDP is dependent on performance in these sectors and the world market prices for their products. The capacity of the formal economy for poverty reduction seems therefore limited. Diversification of the economy into sectors with further growth potential and labour intensive production methods is an essential but long-term component in the endeavour of the Government to reverse the trend of economic decline. The productivity of the agricultural sector, on which 79 per cent of the population is directly or indirectly dependent for their livelihoods, is constrained by the country's aridity and the fact that it is prone to droughts.

IV. EXECUTIVE BOARD ACTION

11. On the recommendation of the Administrator, the Executive Board may wish to:

Extend to Namibia for the next programming cycle special status equivalent to that given to a least developed country.